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FM AMEMBASSY SANTIAGO  
TO RUEHC/SECSTATE WASHDC 4147  
INFO RUEHAC/AMEMBASSY ASUNCION 3678  
RUEHBO/AMEMBASSY BOGOTA 2213  
RUEHBU/AMEMBASSY BUENOS AIRES 1191  
RUEHBR/AMEMBASSY BRASILIA 0585  
RUEHCV/AMEMBASSY CARACAS 1882  
RUEHPE/AMEMBASSY LIMA 5858  
RUEHMN/AMEMBASSY MONTEVIDEO 4153  
RUEHQ/AMEMBASSY QUITO 2033  
RUEAIIA/CIA WASHDC  
RHEFDIA/DIA WASHDC  
RHEHNSC/NSC WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUCPDOC/DEPT OF COMMERCE WASHDC

UNCLAS SANTIAGO 001110

SIPDIS

STATE FOR R/MR, I/PP, WHA/BSC, WHA/PDA, INR/IAA

E.O. 12958: N/A

TAGS: [KMDR](#) [KPAO](#) [PGOV](#) [ECON](#) [PREL](#) [SNAR](#) [EFIN](#) [CI](#)

SUBJECT: CHILE MEDIA REPORT - DECEMBER 17

Lead Stories

[¶1.](#) Dailies highlighted Raul Castro's participation at the Latin American and Caribbean Summit in Brazil. Also highlighted was the drop in the price of gasoline.

U.S.-Related Stories

[¶2.](#) Chilean and U.S. delegations discussed the results of the FTA, in effect since January 1, 2004. The head of the Chilean delegation, Andres Rebollo, expressed satisfaction that during the first five years of the agreement bilateral trade has grown by 155%. The United States is the source of the largest percentage of accumulated direct investment in Chile since 1974, which amounts to US\$16.537 billion through July of this year. This is 25% of the total (Estrategia, business and financial, circ. 30,000, 12/17).

[¶3.](#) Finance Minister Andres Velasco will travel to New York to meet with investment bank officials and assess the state of the global financial crisis (Estrategia, 12/17).

[¶4.](#) The Superintendency of Banks and Financial Institutions informed today that the Santander-Santiago Bank is the only financial institution in Chile that has reported losses due to the fraud committed in the United States by Bernard Madoff (La Nacion, government-owned, editorially independent, circ. 4,200, 12/17).

Cuba

[¶5.](#) The Latin America and Caribbean Summit taking place in Brazil included sessions of Mercosur, UNASUR, and the Rio Group. Both progressive and conservative heads of states in Mercosur unanimously called for the U.S. to lift the embargo on Cuba, and agreed to open their markets to an array of Bolivian products that will no longer be able to enter the United States duty-free under the Andean Trade Promotion and Drug Eradication Act (ATPDEA). With regard to the Rio Group, Brazilian Foreign Minister Celso Amorin said that Cuba's accession to the group could be interpreted as a message for the United States: "showing the direction in which the wind is blowing."

The UNASUR extraordinary meeting created a Defense Council to promote military exchanges, mutual trust, and coordination of activities related to peace missions and aid relief, among other things (La Nacion, 12/17).

[¶6.](#) Diplomatic sources who asked for anonymity said Foreign Minister Alejandro Foxley officially expressed to his counterpart in Cuba

Bachelet's desire to meet with representatives of the Cuban opposition during her visit to the island. Reportedly, the Cuban Foreign Ministry committed "only to possibly review the request" (El Mercurio, 12/17).

¶7. President Hugo Chavez proposed to extend until April 2009 the vote to decide who will become the UNASUR Executive Director. Bachelet, as head of the entity, agreed. This action prevented the bloc from an imminent break (El Mercurio, 12/17).

¶8. The Chamber of Deputies passed a bill requesting President Bachelet recognize the State of Palestine and to elevate the status of its diplomatic mission in Chile from a Consulate to an Embassy (La Tercera, 12/17).

SIMONS